

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-256-S - ORDER NO. 2018-682
OCTOBER 30, 2018

IN RE:	Application of Carolina Water Service,)	ORDER APPROVING
	Incorporated for Approval of a Satellite)	SATELLITE SEWER
	Sewer System Agreement with the City of)	SYSTEM AGREEMENT
	Columbia)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of Carolina Water Service, Inc. (“CWS” or “Company”) for approval of a Satellite Sewer System Agreement by and between the Company and the City of Columbia (“City”). Pursuant to the agreement, CWS will transmit wastewater collected in its Satellite Sewer System near the Friarsgate Subdivision in Richland County to the City’s sewer system for treatment and discharge.

The Company has requested interconnection in accordance with the terms outlined in their NPDES Permit No. SC0036137, which require interconnection with the City's regional sewerage system once adequate capacity is available. CWS currently operates its Friarsgate sewer system under DHEC Consent Order 16-039-W. Interconnection of the Friarsgate sewer system with the City’s system will eliminate the discharge of treated wastewater from the facility into the Saluda River.

The City will charge CWS a volumetric wholesale rate equal to the inside City rate plus 5%, which is currently an adjusted rate of \$4.14 per hundred cubic feet (\$5.53 per thousand gallons). The volumetric rate is subject to change when the City makes annual

rate adjustments. Customers are currently charged \$65.77 for monthly sewer service. The interconnection will not change sewer rates for customers at this time; however, in the next general rate proceeding, CWS may include both the capital costs to interconnect the Friarsgate sewer system and the wastewater treatment charges from the City for review by the Commission in its determination of the monthly sewer service rate for all customers. The Company's estimates of how much the interconnection will cost is not complete at this time. However, the expected completion date of the interconnection is the first quarter of 2019.

The annual flow from the Friarsgate sewer system is approximately 221,737,500 gallons. At the current rate charged by the City and using the information provided by CWS, the annual treatment cost billed to CWS by the City would be approximately \$1,227,264. This equates to a cost of approximately \$380 annually (or \$31.68 per month) per single family equivalent served in the Friarsgate community. The estimated portion of rate base to be retired is \$6,938,005. The Company has also requested an accelerated depreciation schedule for this retired asset to be determined in the next general rate proceeding.

The Office of Regulatory Staff has indicated that it has no objection to the Company's Application for approval of the proposed interconnection, subject to the following conditions, which it considers to be in the public interest:

1. That CWS promptly take all necessary measures to improve and address inflow and infiltration in the Friarsgate collection system such that ratepayers should not pay additional wastewater treatment charges for excessive inflow and infiltration.

2. That the Company be required to report on a quarterly basis the amount of flow measured and billed for the Friarsgate system and the number of active sewer customers.

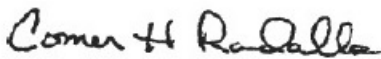
3. That CWS be required to conduct vacancy surveys that are not entirely reliant on CWS's Customer Care & Billing system at least annually beginning on the first anniversary of the order approving this interconnection request and that the results be reported to the Commission and ORS within 30 days upon completion of the review.

4. That the issuance of an order in this matter will not preclude the ORS, the Commission, or any other party, from addressing any issue related to this interconnection including but not limited to the reasonableness of the costs, the retirement of assets, inflow and infiltration, and any return sought in a subsequent rate case or other proceeding.

The Commission has reviewed the Company's Application, as well as the recommendations offered by the ORS, and finds them to be in the public interest. Accordingly, we approve the Application, subject to the conditions set out above.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


Comer H. "Randy" Randall, Chairman

ATTEST:


Jocelyn Boyd, Chief Clerk/Administrator